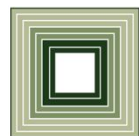


Water & Sewer Infrastructure in North Carolina



**Joint Appropriations
Subcommittee on
Natural and
Economic Resources**

March 23, 2011



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Overview

- Infrastructure Overview
- 2009 Program Evaluation Report
- 2010 Report to Joint Legislative Commission on Water and Wastewater Infrastructure
- Funding Sources

Acronyms

SWIC	State Water Infrastructure Commission
DENR	Dept. of Environment & Natural Resources
CWSRF	Clean Water State Revolving Fund
DWSRF	Drinking Water State Revolving Fund
CWMTF	Clean Water Mgmt. Trust Fund
IDF	Industrial Development Fund
EPA	Environmental Protection Agency
HUD	Housing & Urban Development

Status of Infrastructure

- 400+ sewer systems owned by local governments
- 500+ public water systems owned by local governments
- Most NC customers served by local government owned utilities or not-for-profit water corporations
- Usage and costs are increasing while systems are aging and becoming more costly to repair/replace

Financial Situation

- Since 1986, price paid for water has increased 160%
- Increasing population + increasing per-capita water use further stresses water supply
- \$16.6 billion in needs by 2030
- Federal funding has declined
- 1998 Bond - \$800 million – almost all grants
- Over the past few years, the State has funded both grant and loan programs

2009 Program Evaluation Division Report

- Lack of a statewide strategic plan reduces the State's ability to identify and fund needs
- Multiple funding agencies
- Use of grants rather than loans the reduces State's ability to optimize dollars

2010 Report to Joint Legislative Commission on Water and Wastewater Infrastructure

- PED report called for increased coordination amongst funding agencies: DENR, Commerce, Rural Center, Clean Water Management Trust Fund
- 5 ways to increase coordination:
 - Create a common first page for applications
 - Schedule joint meetings
 - Exchange information on projects/sites
 - Provide reports to SWIC
 - Use EPA needs assessment, DENR survey, & Water 2030 data to identify gaps in data – develop a statewide needs assessment

Federal & Nonprofit Funding Sources

- **Federal Government**

- USDA Rural Development
- Economic Development Administration
- Appalachian Regional Commission
- EPA (through State Revolving Funds via DENR)
- HUD (through Community Development Block Grant via Commerce)

- **Nonprofits**

- Rural Economic Development Center
- Golden LEAF



State Funding Sources

– **Dept. of Environment & Natural Resources**

- Clean Water State Revolving Fund
- Drinking Water State Revolving Fund
- Wastewater Reserve & Drinking Water Reserve

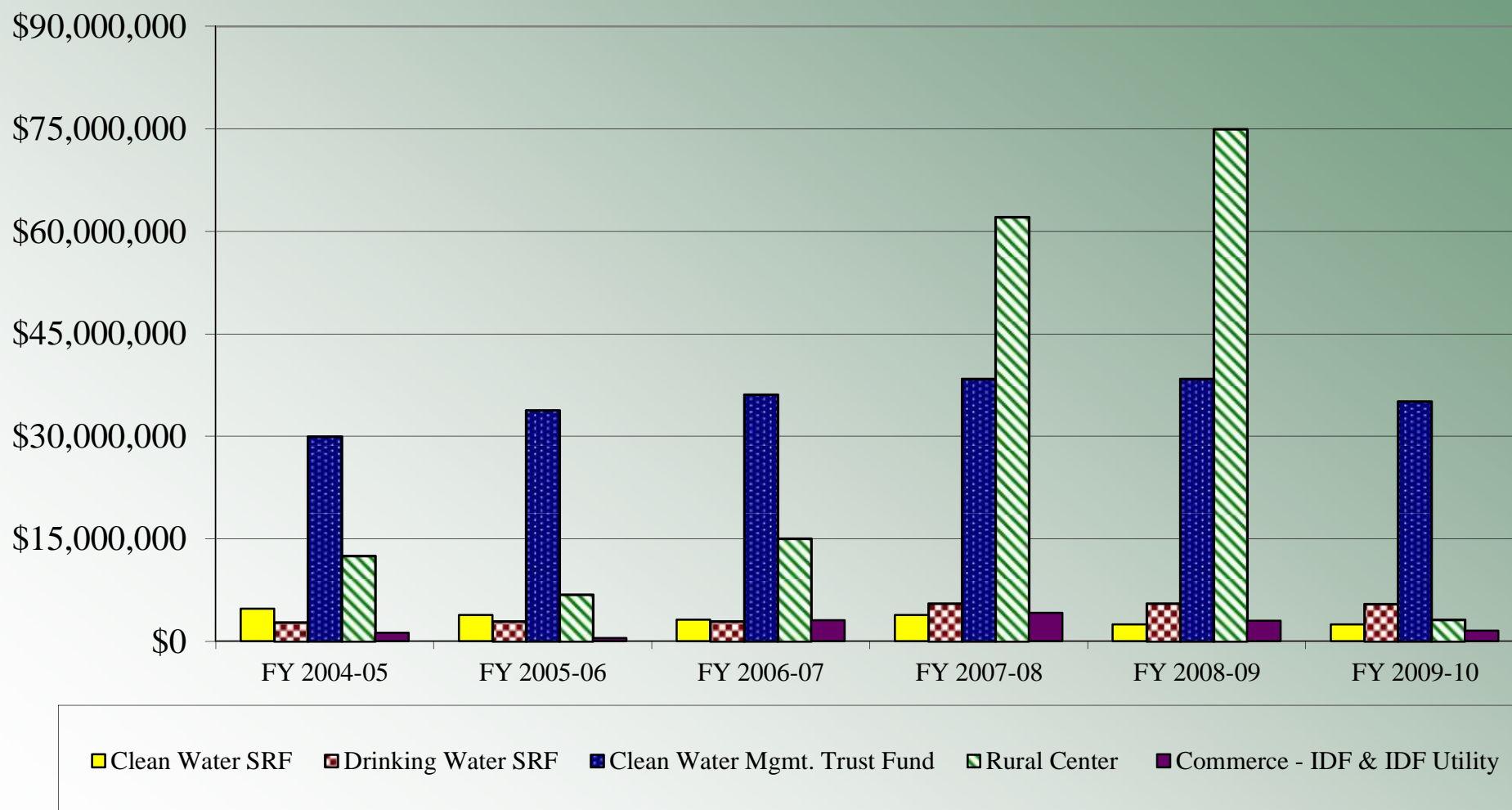
– **Clean Water Management Trust Fund**

– **Department of Commerce**

- Community Development Block Grant
- Industrial Development Fund
- Industrial Development Fund Utility Account

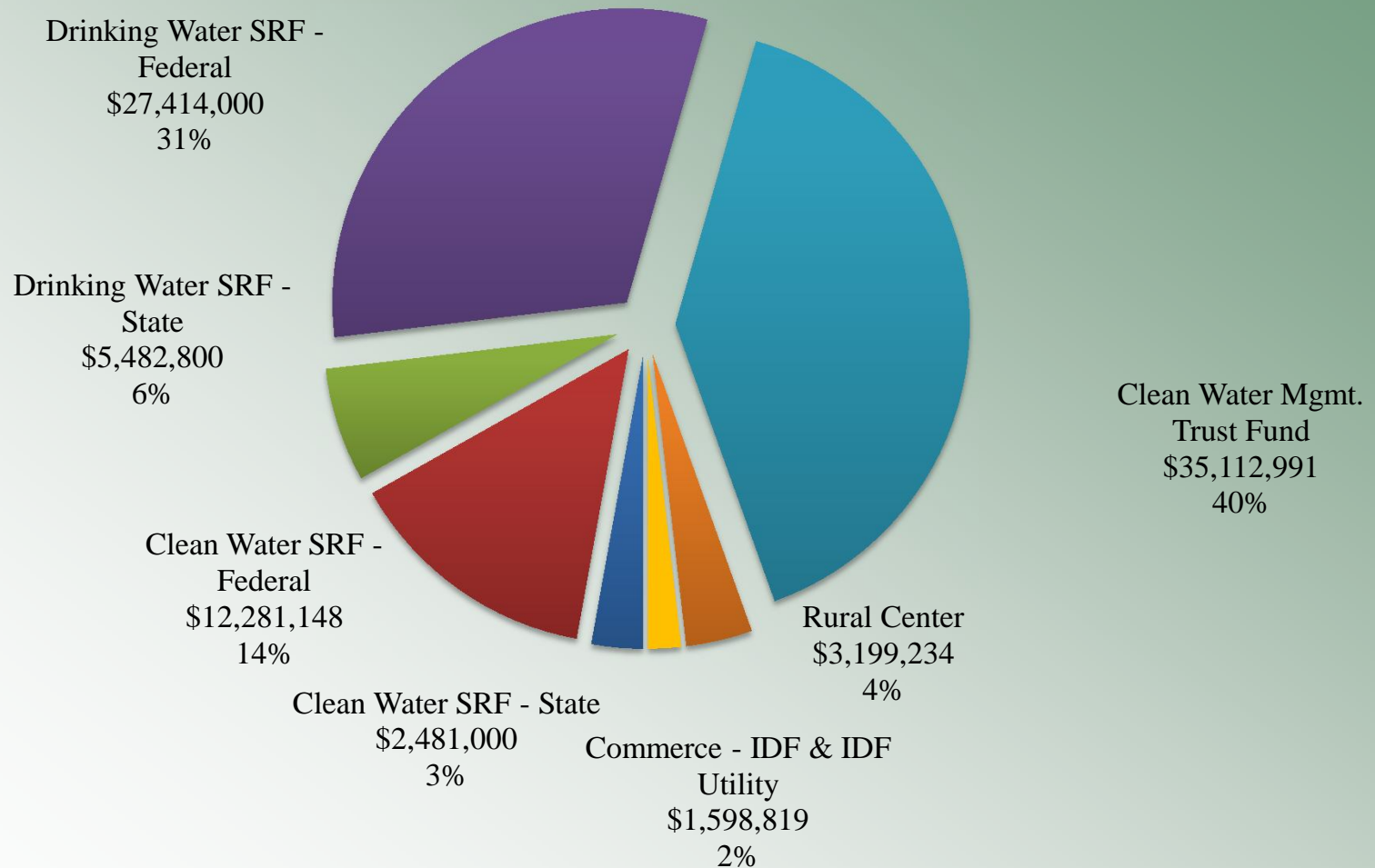
State Funding

FY 2004-05 – FY 2009-10



FY 2009-10

State Appropriated Funding



DENR

State Revolving Funds

- Clean Water & Drinking Water
- 80%-20% Grant from EPA
- Loans
 - Revolving Fund
 - Emergency
 - Up to 20 years
 - Interest rate is 2.5%
- Grants
 - High Unit Cost



FY 2009-10

CWSRF: \$2,481,000

DWSRF: \$5,482,800

DENR

Drinking & Wastewater Reserves

- Established in G.S. 159G
- No new funding in several years
- Loans or Grants
 - General
 - High Unit Cost (1.5%)
 - Tech. Assistance
 - Emergency
- Project limit: \$3 million annually
- Criteria in G.S. 159G-23
 - Public necessity
 - Effect on impaired waters
 - Efficiency
 - Comprehensive land use plan
 - Flood hazard ordinance
 - Sound management
 - Capital improvement plan
 - Coastal habitat protection

Clean Water Management Trust Fund

- Wastewater & Stormwater Grants



FY 2009-10:

\$35,112,991

- Three programs:
 - Land acquisition
 - Wastewater infrastructure grants
 - Stormwater mitigation
- Eligibility: State agencies, local govts, nonprofits
- Criteria: G.S. 159G + Board
 - “economically distressed”



Community Development Block Grant Infrastructure Funds

- Funding from HUD via Dept. of Commerce
- Water/Wastewater
 - Can be used for installation of public water/sewer lines and improvements to plants
- Grants
 - \$750k maximum
- 70% of residents low and moderate income



FY 2009-10:

\$1,598,819



Industrial Development Fund & IDF Utility Fund

- Water, sewer, and other uses
- Eligibility
 - Local governments in the 65 most economically distressed counties
- Criteria
 - Job creation
 - Capability to operate facility
 - Not result in abandonment of existing facility
 - No significant adverse effect on environment

Rural Economic Development Center

- Economic Infrastructure Program
 - Grants only
 - Local governments
 - Water, wastewater, other infrastructure needs, & job creation
- Clean Water Partners
 - Grants only
 - Eligibility: Local governments in 85 rural counties
 - Priority to economically distressed; poverty rate 150% of State poverty rate

Rural Economic Development Center

- Supplemental & Capacity Building Grants
 - Address environmental, health, and/or economic development critical needs
 - Undertake planning projects for investment in water/sewer infrastructure
 - Must match with other project funds
 - Eligibility: Local governments and nonprofits

Issues for FY 2011-13

- Consolidation of funding sources?
 - Any areas of duplication/overlap?
- Loans vs. grants
- Recurring vs. nonrecurring funding for SRFs